

IRVINGTON COMMUNITY SCHOOL

2011-2012 Performance Analysis

Core Question 2: Is the organization effective and well-run?

2.1. Is the school in sound fiscal health?	
STANDARD	The school presents significant concerns in no more than <u>one</u> of the following areas: a) its state financial audits (e.g., presence of “significant findings”); b) its financial staffing and systems; c) its success in achieving a balanced budget over the past three years; d) the adequacy of its projections of revenues and expenses for the next three years; e) its fulfillment of financial reporting requirements under Sections 10 and 17 of the charter agreement. In addition, if the school presents significant concerns in one area, it has a credible plan for addressing the concern that has been approved by the Mayor’s Office.

2011-12 Performance: Approaching Standard

A) The School’s Financial Audits (e.g. presence of “significant findings”)

Our office does not have any significant concerns in this area at this time. Irvington Community Schools (ICS) received a clean audit report for their financial statements. The auditors, Sikich, stated, “In our opinion, the financial statements...present fairly, in all material respects the financial position of Irvington Community Schools, Inc....”

With regard to its internal controls audit, the school received a clean opinion for FY ‘12; however, a material weakness was indicated for FY ‘11. Page 27 of the audit report explains that the material weakness was based on federal award findings and questioned costs related to the Title I grant. The auditors indicated the following:

- The cash balance of Title I, Part A Cluster grant funds exceeded the allowable cash balance based on estimated future requirements
 - This occurred for 2 of 12 months in 2009-10 and 2010-11
- Cash balances were \$69,064.03 and \$106,949.26 for each year respectively
 - The amounts represented 16% and 23% of the total grants received respectively
 - In both cases, the estimated cash needs in the few months subsequent to the year end did not substantiate the need for this amount of cash

The school responded to this material weakness in the audit by explaining the following:

- All funds were used and were used in a way that was in line with the requirements of the Title I grant
- Based on changes made both by the school and the Indiana Department of Education, the school has mitigated the risk of this happening again.

In addition to the material weakness noted above, the supplemental audit report included a few additional comments. The comments (on page 5 of the supplemental report) are summarized below:

- **Average Daily Membership (ADM) Certification:** The auditors stated, "...the school did not provide written statement detailing the location of the files used for the ADM count".
- **Textbook Rental Lists:** The school did not issue individual textbook rental lists for each student renting textbooks
- **Sales Tax:** The school paid \$8.51 in sales tax to AT&T in August 2011

The school concurred with the audit comments above and issued a statement on page 8 of the supplemental audit report indicating that reimbursement of the sales tax has been requested.

Given that there were no material weaknesses in neither the audit of the school's financial statements nor the audit of the school's internal controls for FY '12, our office does not have significant concerns at this time. We will continue to work with the school to monitor its progress in rectifying the two areas that were mentioned in the audit comments but were not included in the school's formal response.

B) The School's Financial Staffing and Systems

The school has established adequate staffing and systems for managing its finances. The school's staff includes David Nidiffer who serves as both the Chief Executive and Chief Financial Officer. The school also contracts with Bookkeeping Plus, Inc. for the preparation of financial statements. There are no significant concerns in this area at this time.

C) The School's Success in Achieving a Balanced Budget Over the Past Three Years

As a result of the school operating with a negative change in net assets for 2 of the last 3 years, our office has significant concerns. According to the Umbaugh report for FY '10, Irvington Community Schools finished the year with \$20, 075 in revenue over expense. Yet, the school has faced some challenges in maintaining a balanced budget for both FY '11 and FY '12. The table below shows the change in assets for both years along with the ending balances for those years.

Year	Change in Net Assets	Ending Balance
FY '11	-\$693,570	-\$873,899
FY '12	-\$679,226	-\$1,553,125

Even when non-cash expenses such as depreciation and amortization are added back to the school's change in net assets for FY '11 and '12, the balances are still concerning. Please view the table below.

Year	Change in Net Assets	Depreciation & Amortization	Adjusted Ending Balance
FY '11	-\$693,570	\$533,114	-\$160,456
FY '12	-\$679,226	\$546,637	-\$132,589

Based on the figures above, we will continue to work closely with the school to ensure that they are able to meet upcoming obligations.

D) The Adequacy of the School's Projections of Revenues for the Next Three Years

The financial projections the school has furnished for the next 3 years are of significant concern to our office. The school's projections (summarized in the table below) indicate that the school expects to have a negative ending balance for FY '13.

Year	Change in Net Assets	Ending Balance
FY '13	\$526,630	-\$347,269
FY '14	\$1,087,335	\$740,066
FY '15	\$1,084,204	\$1,824,270

Provided that the school hits its enrollment targets each year and spends at a rate that is on par with its budget, the school should eliminate its deficit by the end of FY '14. As a result of our concerns, we will continue to work closely with the school as they work to eliminate the deficit and to ensure that the school is fiscally sustainable.

E) The School's Fulfillment of Financial Reporting Requirements under Sections 10 and 17 of the Charter Agreement

The school has fulfilled financial reporting requirements under Sections 10 and 17 of the charter agreement. We have no significant concerns in this area at this time.

In summary, our office has significant concerns in the following two areas:

- The school's success in achieving a balanced budget over the past 3 years
- The adequacy of the school's projections of revenues for the next 3 years

For these reasons, Irvington Community Schools achieved a rating of "Approaching Standards" for 2011-12.

2.2. Are the school's student enrollment, attendance, and retention rates strong?

STANDARD	The school is consistently fully enrolled. Student attendance and retention rates are generally at or above the school's agreed-upon target rates.
-----------------	---

2011-12 Performance: **Approaching Standard**

Irvington Community School (ICS) did not meet its enrollment target for 2011-12. The following chart displays the school's target enrollment compared with its official fall enrollment, as reported by the IDOE.

Year	Target Enrollment	Fall Enrollment	Percent Below
2011-12	997	972	2.5%

Source: Official fall enrollment figures from the IDOE. Target enrollment is the maximum capacity from the school's charter agreement with the Mayor's Office, submitted by the school.

The 2011-12 attendance rate at ICS was below the average of the state and county.

	ICS	MC	IN
2011-12 Attendance rate	95.12%	96.06%	96.1%

No targets have been established for student retention rates for ICS.

Based on the 2011-12 performance, Irvington Community School is approaching the Mayor's Office standard for this indicator because they did not meet enrollment targets and had an attendance rate slightly lower than the state and county.

2.3. Is the school's Board active and competent in its oversight?	
STANDARD	The school's board a) contributes a broad skill set and is reflective of the community; b) is knowledgeable about the school and able to make decisions in a timely fashion; c) has policies and by-laws that are consistently followed, regularly reviewed, and include clearly defined roles and responsibilities for members; d) consistently achieves quorum and adheres to Indiana's Open Door Law; e) records meeting minutes that are thorough, accurate and transparent; f) regularly conducts a formal evaluation of the school against established academic, financial and operational performance goals; and g) has a written plan for the succession of leadership.

2011-12 Performance: **Meets Standard**

In 2011-12, the Irvington Community School Board was experienced and provided competent oversight of the school. There was a range of expertise on the Board; members are knowledgeable about the school, its policies, and issues of concern. The roles and responsibilities of the Board and its members were clearly defined.

The Board roster for 2011-12 reveals seven members with a range of expertise. The board was knowledgeable about the school and effectively delineates roles and responsibilities through position assignments and subcommittee structures. The board adequately represented the

community. The board has successfully replaced two of three members who rolled off at the conclusion of the 2010-2011 academic year. The board consistently achieves quorum and adheres to Indiana's Open Door Law as evidenced by timely posting of meetings and thorough board minutes. The board has ensured policies and by-laws are consistently followed, and is working toward formal evaluation process of its executive leadership staff which consists of a Chief Executive and Financial Officer, Chief Operations Officer, and Chief Academic Office. However, as evidenced from board minutes, the ICS board monitors the school's academic, financial, and operational goals. Accordingly, the board meets the Mayor's standard for this indicator for 2011-12.

2.4. Is there a high level of parent satisfaction with the school?	
STANDARD	More than 80% but less than 90% of parents surveyed indicate that they are satisfied overall with the school.

2011-12 Performance: **Exceeds Standard**

In the spring of each year, researchers administer anonymous surveys to parents of students enrolled at Mayor-sponsored charter schools. In 2011-12, 98% of ICS parents reported overall satisfaction with the school. According to the data, the school exceeds the Mayor's Office standard for performance for this indicator for the 2011-12 academic year.

2.5. Is the school administration strong in its academic and organizational leadership?	
STANDARD	The school's administration a) has sufficient academic and organizational expertise; b) has been sufficiently stable over time; c) has clearly defined roles and responsibilities among administrators; d) actively engages in a process of continuous improvement and mid-course corrections; e) has established high expectations for all stakeholders – staff, students, and parents; f) has organized operations and secured necessary resources to effectively implement the mission of the school; g) ensures the school achieves strong academic and operational performance; and h) has developed a plan for succession for administrators and staff.

2011-12 Performance: **Meets Standard**

In 2011-12, Irvington Community School's administration exhibited sufficient academic and leadership expertise and had demonstrated continuous improvement.

The school's leadership team collectively demonstrated sufficient academic and business expertise. ICS's leadership had engaged in mid course corrections to ensure continuous improvement around implementing TAP at the high school and middle school, monitoring the development of new behavior plan, the continuation of retention strategies between each campus, investing in a development consultant for long-term fiscal viability of the school, and considering the transition of trimesters to traditional semesters to assist new students with the college preparatory curriculum.

ICS's administration and leadership staff have established high expectations for all stakeholders, and have organized operations and resources to implement the school's mission as evidenced by their teacher evaluation/bonus system and academic supports for students. Accordingly, ICS meets the Mayor's Office standard for this indicator for 2011-12.

2.6. Is the school meeting its school-specific organizational and management performance goals?	
Meets standard	School has clearly met its school-specific organizational goal.

Not Evaluated. Irvington Community School did not have school-specific educational goals to be evaluated for 2011-12.